

Texas District Court Struck Down FLSA White Collar Exemption Increases Nationwide

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On Friday November 15, 2024, Judge Sean Jordan of the United States District Court for the Eastern District of Texas struck down the Department of Labor (“DOL”) Fair Labor Standards Act (“FLSA”) “white collar” exempt employee minimum salary increase regulations. The court held that each of the three components of the rule exceeded the DOL’s statutory authority under the FLSA. The court held that the July 2024 and January 2025 increases were in excess of the DOL’s authority by focusing on the salary over the duties performed by the employee. The court also held the automatic future increases based upon a formula exceeded the DOL’s authority.

The court’s decision has a nationwide impact and sets aside both the FLSA exempt employee minimum salary increase that was set to take effect January 1, 2025, and the increase that took effect July 1, 2024. It is likely that the Department of Labor will appeal, but it is very unlikely that the appeal will be resolved before the new Presidential Administration takes office on January 20, 2025. When something very similar happened in November 2016 with proposed Obama Administration regulations that would have increased the FLSA minimum salary amount, the first Trump Administration dropped the appeal soon after it took office in January 2017 and eventually issued revised regulations with a lower increase.

For now, the previous FLSA exempt employee minimum salary amount of \$684 per week (\$35,568 per year) is back in effect. The July 1, 2024, increase to \$844 per week (\$43,888 per year) and the pending January 1, 2025, increase to \$1,128 per week (\$58,656 per year) have both been eliminated, as have the automatic increases that would have taken effect in future years. Employers should consult with their attorneys if they wish to revisit any changes, they made to employee overtime payments to comply with the July 2024 change.